REPORT OF

MISSOURI STATE PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN

JUNE 30, 2012

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INDEPENDENT AUDITORS' REPORT

To the Trustees of the
Missouri State Public Employees Deferred Compensation Plan

We have audited the accompanying statement of plan net assets of the Missouri State Public Employees Deferred Compensation Plan (the Plan), a component unit of the State of Missouri, as of June 30, 2012, and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Plan as of June 30, 2012, and the changes in plan net assets for the year then ended, in conformity with U.S. generally accepted accounting principles.

U.S. generally accepted accounting principles require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Williams Keepers LLC

December 11, 2012

Missouri State Public Employees
Deferred Compensation Plan
Management's Discussion and Analysis
For Year Ended June 30, 2012

This discussion and analysis of the Missouri State Public Employees Deferred Compensation Plan financial performance provides an overview of the Plan's financial activities for year ended June 30, 2012. Please read it in conjunction with the Plan's financial statements, which follow this section.

Financial Highlights

- Assets available for plan benefits at June 30, 2012 were $1,142,396,611, a decrease of $9,189,850 or 1% compared to June 30, 2011 assets available for plan benefits of $1,151,586,460. These funds are available for distribution to plan participants in accordance with Plan provisions.
- Total additions were $60,368,128 for the year ended June 30, 2012, resulting from positive investment income of $8,936,680. Employee contributions totaled $51,070,524 for the year ended June 30, 2012.
- Total deductions were $69,557,977 for the year ended June 30, 2012, substantially all of which were due to distributions to participants.
- At June 30, 2012, the number of active and terminated participants (those with a balance in their account) reduced to 50,697 compared to 55,075 at June 30, 2011. Due to reporting constraints, the balance presented for the year ended June 30, 2011 also includes participants in the Missouri State Employees Deferred Compensation Incentive Plan. The 2012 balance does not include those participants.
- As of November 11, 2011, the record keeping responsibilities for the Plan were transferred to the International City/County Management Association Retirement Corporation (ICMA-RC). This change resulted in substantially lower administrative fees allocated to the Plan. During the Plan year, administrative fees decreased by $333,438.
- During the current Plan year, the Roth 457 option has been made available to participants in the Plan. Participants may now make after-tax contributions to their account and may elect to make both before and after-tax contributions. Those contributions under the Roth 457 option may grow on a permanent tax free basis.

Overview of the Financial Statements

The Plan is a deferred compensation plan as authorized by Section 457 of the Internal Revenue Code (IRC), as amended, through which the State of Missouri and its agencies (the State) offers its employees the option to defer income in accordance with IRS and Plan guidelines. Participants may direct their contributions in available investment options offered by the Plan and are 100% vested in their accounts. Benefits are payable to participants, in accordance with Plan provisions, upon termination of employment with the State, retirement, death, or unforeseeable emergency based on the participant's account balance.

The Plan's financial statements are comprised of a Statement of Plan Net Assets, a Statement of Changes in Plan Net Assets and Notes to Financial Statements.

The *statement of plan net assets* presents information on the Plan's assets and liabilities with the difference between the two reported as *net assets available for plan benefits*. This statement reflects, at

fair value, the participants' balances in their selected investment options, which are available to pay benefits.

The *statement of changes in plan net assets* presents information showing how the Plan's net assets available for plan benefits changed during the year ended June 30, 2012. This statement reflects contributions made by and benefits paid to participants during the period. Investing activities during the period are also presented which include interest and dividends added to participant accounts and the net appreciation or depreciation in fair value of the investments. Other transfers and fees affecting participant accounts are also reported in this statement.

The *notes to financial statements* provide additional information that is essential to a full understanding of the data provided in the financial statements. The Plan is considered by the Office of Administration – Division of Accounting to be a component unit of the State of Missouri and is included as a pension trust fund in the State of Missouri's Comprehensive Annual Financial Report.

Financial Analysis

Summarized financial information is presented in the following condensed statements as of and for the years ended June 30, 2012 and 2011:

Condensed Statements of Plan Net Assets

	June 30, 2012	June 30, 2011
Assets:		
Cash and cash equivalents	$ 743,507	$ 475,270
Investments	1,134,718,192	1,143,766,386
Receivables	820,699	1,178,937
Policyholder account and cash surrender values	6,226,916	6,477,993
Total assets	1,142,509,314	1,151,898,586
Liabilities:		
Accounts payable	112,703	312,126
Net assets available for benefits	$ 1,142,396,611	$ 1,151,586,460

	For the year ended June 30, 2012	For the year ended June 30, 2011
Additions (reductions):		
Employee contributions	$ 51,070,524	$ 54,240,317
Rollovers from other qualified plans	612,001	331,975
Change in value of life insurance contracts	(251,077)	(387,882)
Investment earnings	8,936,680	149,283,020
Total additions (reductions)	60,368,128	203,467,430
Deductions:		
Distributions to participants	68,621,565	74,530,542
Life insurance premiums	389,330	424,517
Administrative fees	547,082	880,520
Total deductions	69,557,977	75,835,579
Change in net assets	$ (9,189,849)	$ 127,631,851

A summary of the investment balances at June 30, 2012 and 2011 is as follows:

	June 30, 2012 Balance (in 000's)	June 30, 2011 Balance (in 000's)
Stable Value Fund		
ING Stable Value Fund	$ 494,631	$ 484,902
Bond Funds		
Prudential Total Return Bond Fund	553	591
Bond Fund of America	3,865	3,860
Federated US Government Securities Fund - 2-5 Years	3,560	3,467
Vanguard Inflation Protection Securities Fund	3,912	3,550
	11,890	11,468
Moderate Asset Allocation Investments		
Fidelity Asset Manager	2,455	2,573
Large - Cap Equity Funds		
American Century Equity Income Fund	12,144	12,128
Fidelity Equity Income Fund	12,364	13,255
Nationwide Fund	5,046	5,374
Prudential Jensen Blend	3,027	3,513
Putnam Investors Fund	3,933	4,123
SEI S&P 500 Index Portfolio	14,277	14,303
Vanguard Total Stock Market Index Fund	8,427	8,606
American Century Growth Fund	8,644	8,956
American Century Ultra Fund	18,716	19,052
Dreyfus Third Century Fund	1,593	1,664
Fidelity Contrafund	50,621	51,010
	138,792	141,984

	June 30, 2012 Balance (in 000's)	June 30, 2011 Balance (in 000's)
Goldman Sachs Mid Cap Fund	6,944	7,616
Invesco Dynamics Fund	5,302	5,948
	12,246	13,564
Small - Cap Equity Funds		
Perkins Small Cap Value Fund	4,299	4,574
Dreyfus Small Cap Stock Index Fund	2,446	2,506
Neuberger & Berman Genesis Fund	18,649	19,843
AIM Small Company Growth Fund	347	381
Brown Capital Management Small Company Fund	1,856	1,952
	27,597	29,256
International Equity Funds		
Janus Worldwide Fund	3,384	3,989
T. Rowe Price International Stock Fund	7,092	8,478
Templeton Developing Markets Trust	8,069	10,544
	18,545	23,011
Asset Allocation Investments		
Vanguard Life Strategy Income Fund	$ 1,347	$ 1,344
Vanguard Life Strategy Conservative Growth	1,717	1,791
Vanguard Life Strategy Moderate Growth Fund	4,235	4,306
Vanguard Life Strategy Growth Fund	5,504	5,726
	12,803	13,167
Self-Managed Accounts	22,847	20,987
Target Date Funds		
MO 1995 Fund	4,202	3,855
MO 2000 Fund	4,806	5,022
MO 2005 Fund	12,556	13,686
MO 2010 Fund	31,082	33,788
MO 2015 Fund	61,481	64,380
MO 2020 Fund	77,502	80,287
MO 2025 Fund	70,704	71,144
MO 2030 Fund	55,086	55,684
MO 2035 Fund	39,011	39,881
MO 2040 Fund	21,294	20,855
MO 2045 Fund	9,427	8,906
MO 2050 Fund	4,507	4,624
MO 2055 Fund	1,254	742
	392,912	402,854
Total	$ 1,134,718	$ 1,143,766

During the years ended June 30, 2012 and 2011, Plan participants elected to allocate their contributions as follows:

Allocation of Contributions

	For the year ended June 30, 2012		For the year ended June 30, 2011	
Stable Value Fund	32.3	%	33.4	%
Bond Funds	1.3		1.5	
Moderate Asset Allocation Investments	0.2		0.2	
Large-Cap Equity Funds	9.3		9.8	
Mid-Cap Equity Funds	1.2		1.3	
Small-Cap Equity Funds	2.5		2.7	
International Equity Funds	1.7		1.8	
Asset Allocation Investments	1.9		2.0	
Self-Managed Accounts	0.7		0.6	
Target Date Funds	48.1		45.9	
Life Insurance Contracts	0.8		0.8	
	100.0	%	100.0	%

- Net assets available for plan benefits decreased by approximately $9.2 million during the year ended June 30, 2012 to approximately $1.1 billion. The most significant changes were the increases from employee contributions and investment earnings, reduced by the distributions to Plan participants.
- Employee contributions were approximately $51 million for the year ended June 30, 2012, and approximately $54.2 million for the year ended June 30, 2011. That reflects a relative decrease of approximately $3.2 million or 6%. The State of Missouri and substantially all employers participating in the related Incentive Plan stopped making contributions on behalf of employees participating in the Plan, which had a negative impact on employee contributions into the Plan.
- Investment income was approximately $8.9 million for the year ended June 30, 2012, compared to investment income of approximately $149.3 million for the year ended June 30, 2011. The decrease is attributed to market conditions during the year ended June 30, 2012.
- The change in value of universal life insurance contracts was a decrease of approximately $251 thousand for the year ended June 30, 2012, compared to a decrease of approximately $388 thousand for the year ended June 30, 2011. That reflects a relative decrease of approximately $137 thousand.
- Distributions to participants totaled approximately $68.6 million for the year ended June 30, 2012, compared to approximately $74.5 million for the year ended June 30, 2011. That reflects a relative increase of approximately $5.9 million or 7.9%.
- Administrative fees were approximately $547,082 for the year ended June 30, 2012, compared to $880,000 for the year ended June 30, 2011. This reduction is primarily due to the change of the Plan recordkeeper effective November 11, 2011. As presented in the Notes to Financial Statements, the administrative fees charged were reduced from $48 per participant to $34 per participant upon transfer of the recordkeeping responsibilities to ICMA-RC.

Other

Other than changes in the fair value of Plan assets as may be impacted by the stock and bond markets, along with changes in interest rates and changes in the participants' investment options as

noted in the following paragraph, no other matters are known by management to have a significant impact on the operations or financial position of the Plan.

As of July 2, 2012 Plan participants may elect to purchase units of the MOSERS Investment Portfolio (MIP), a monthly valued investment portfolio.

Requests for Information

This financial report is designed to provide a general overview of the Plan's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Plan Administrator, c/o MOSERS, P.O. Box 209, Jefferson City, MO 65102-0209

MISSOURI STATE PUBLIC EMPLOYEES
DEFERRED COMPENSATION PLAN

Statement of Plan Net Assets
June 30, 2012

ASSETS	
Cash and cash equivalents	$ 743,507
Due from MOSERS	639,315
Revenue share receivable	181,384
Investments, at fair value:	
Mutual funds	617,240,112
Self-directed brokerage account	22,847,214
Investments, at contract value:	
Guaranteed investment contract	494,630,866
Total investments	1,134,718,192
Cash surrender value of life insurance contracts	459,363
Account value of universal life insurance contracts	5,767,553
Total assets	1,142,509,314
LIABILITIES	
Accounts payable	112,703
Total liabilities	112,703
Net assets held in trust for benefits	$ 1,142,396,611

See the independent auditors' report and notes to financial statements

MISSOURI STATE PUBLIC EMPLOYEES
DEFERRED COMPENSATION PLAN

Statement of Changes in Plan Net Assets
For the Year Ended June 30, 2012

ADDITIONS	
Contributions:	
Employee	$ 51,070,524
Rollovers	612,001
Total contributions	51,682,525
Investment earnings:	
Net increase in fair value of investments	(8,885,832)
Interest and dividends	17,822,512
Total investment earnings	8,936,680
Decrease in value of universal life insurance contracts	(251,077)
Total additions	60,368,128
DEDUCTIONS	
Benefits paid to participants	68,621,565
Life insurance premiums	389,330
Administrative expenses	547,082
Total deductions	69,557,977
Change in net assets	(9,189,849)
Net assets held in trust for benefits:	
Beginning of year	1,151,586,460
End of year	$ 1,142,396,611

See the independent auditors' report and
notes to financial statements

1. General Description of the Plan

The following description of the Missouri State Public Employees Deferred Compensation Plan (the "Plan"), which is administered by the Missouri State Employees' Retirement System ("MOSERS"), is provided for general information purposes only. For a more complete description of the Plan provisions, refer to the detailed plan documents or the State of Missouri statutes.

General

The Plan was established by the Missouri State Public Employees Deferred Compensation Commission (the "Commission") in December 1979, was approved by the Governor of the State of Missouri in February 1980, and enrollment in the Plan began in April 1980. The first employee contributions to the Plan were made in May 1980. The participating employers include the State of Missouri and its agencies and departments including state colleges and universities, state retirement systems, Missouri Consolidated Health Care Plan and any state agency or instrumentality defined as a body corporate and politic. There are currently nineteen State of Missouri employers participating in the Plan. The Plan is available to all employees of the participating employers, as well as any elected officials receiving a salary from the State. The Plan is considered a component unit of the State of Missouri and is included as a pension trust fund in the State of Missouri's Comprehensive Annual Financial Report.

The supervisory authority for the management and operation of the Plan is the Board of Trustees of MOSERS. MOSERS has hired a recordkeeper to handle participant services, recordkeeping and to coordinate with the investment custodian that holds the Plan's investments. ICMA-RC is the recordkeeper for the Plan as of November 11, 2011. TD Ameritrade is the investment custodian for the Plan. Prior to November 11, 2011, the Plan bookkeeping function, including third party administration, was provided by ING Institutional Plan Services (ING).

Eligibility and Contributions

Under the Plan provisions, employees of the State of Missouri are eligible to contribute into the Plan through reduction of salary. In accordance with Section 457 of the Internal Revenue Code (the "IRC"), the Plan limits the amount of an individual's annual contribution to 100% of his/her annual gross compensation, not to exceed $16,500. The Plan offers a catch-up program to participants who have attained the age of 50, increasing their maximum contribution to $22,000. Amounts contributed by employees are deferred for federal and state income tax purposes until benefits are paid to the employees. Participating employers do not make contributions to the Plan.

Continued --

1. General Description of the Plan *(Continued)*

During the current Plan year, the Roth 457 option has been made available to participants in the Plan. Participants may now make after-tax contributions to their account and may elect to make both before and after-tax contributions. Those contributions under the Roth 457 option may grow on a permanent tax free basis.

Participants may make rollover contributions to the Plan from other qualified Plans.

Under provisions of the Small Business Job Protection Act of 1996 (SBJPA), which became effective for Plan years beginning after December 31, 1996, assets of IRC Section 457 plans must be held in a trust, custodial account or annuity contract for the exclusive benefit of employees and beneficiaries. At June 30, 2012, the Plan met the requirements of the SBJPA.

Investment Options

Participants in the Plan may invest in the following options:

- Fixed earnings investments underwritten by ING Life Insurance and Annuity Company ("ILIAC")
- Self-directed brokerage options through TD Ameritrade
- Target date funds
- Mutual Funds

Effective January 1, 1989, the option to invest in life insurance contracts underwritten by Security Benefit Life Insurance Corporation (SBL) was no longer available to Plan participants. Participants making deferrals to SBL life insurance contracts at December 1988, may continue such deferrals but may not increase the amount of such deferrals at any time. As of July 1, 2000, the option to invest in universal life insurance contracts underwritten by Monumental Life Insurance Company ("Monumental") was no longer available to Plan participants. No new policies were being written by Monumental. However, the policies in existence as of June 30, 2000, continue to be serviced.

Payment of Benefits

Employees participating in the Plan or their beneficiaries may withdraw the fair value of funds contributed to the Plan upon retirement, death, qualifying hardship or separation of service from the Employer, subject to Internal Revenue Service limitations. Employees may select from various payout options, including lump sum payments, rollover to another qualified plan, or individual retirement arrangement or payments over various periods. Retiring participants have the option to annuitize their account balances as one of their payout options. The Plan provides this option through an annuity that can be purchased from insurance companies available through the Plan's recordkeeper. Depending upon the option selected, the payments may be actuarially determined.

Continued --

1. General Description of the Plan *(Continued)*

Plan Membership

As of June 30, 2012, the Plan's membership consisted of the following:

Active participants	34,263
Retired and inactive participants	16,434
	50,697

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and reporting principles.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make significant estimates and assumptions that affect the reported amounts of net assets available for benefits, liabilities and changes therein. Actual results could differ from those estimates.

Related Plan

The Missouri State Employees Deferred Compensation Incentive Plan (the "Incentive Plan") is related to the Plan through common sponsorship and administration. Both are offered by the State of Missouri to the same employees and the operations and administration are handled together. Certain balances are allocated between the two plans based on either investment balances or number of participants. The Incentive Plan issues separate financial statements.

Contributions and Contributions Receivable

Contributions are recorded when the related deferred compensation payment is withheld from the participating employees' salary. Contributions are credited by the applicable investment carrier upon receipt from the Employer. Contributions receivable represent employee contributions withheld from participants' salaries during the fiscal year not remitted to the investment carriers at fiscal year end.

Continued --

2. Summary of Significant Accounting Policies (Continued)

Revenue Share Receivable

The Plan receives shareholder service fees, 12(b)1 fees and other commissions from individual mutual fund companies. The record keeper receives this income as the intermediary and allocates monthly revenue to the Plan based upon the balance of the assets within the mutual fund. As presented in the *Administrative Expenses* section below, the revenue for each month is allocated the following month. As of the fiscal year end, the unpaid balances have been accrued as a receivable by the Plan.

Due from MOSERS

The due from MOSERS represents a cash balance held by MOSERS to pay for administrative expenses of the Plan as they arise.

Investment Valuation

Investments in mutual funds and self-directed brokerage accounts are presented at their fair value based on published market prices. Investments in the ING Stable Value Fund are valued at contract value as this is the value realizable by participants. Investments in the Missouri Target Date Funds are valued at fair value based on the fair value of the underlying assets comprising each Missouri Target Date Fund, as provided by the individual fund managers. Investments in universal life insurance contracts are reported at fair value, less any surrender charges, as reported by the life insurance company. Investments in whole life insurance contracts are valued at cash surrender value as reported by the insurance company.

Purchases and sales of securities are recorded on a trade date basis. Realized investment gains and losses are determined using the average cost. Dividends are recorded on the declaration date. Interest is recorded when earned.

Investment Contract with ING Life Insurance and Annuity Company

In 2006, the Plan entered into a benefit-responsive investment contract with ING Life Insurance Annuity Company ("ILIAC"), the ING Stable Value Fund. ILIAC maintains the contributions in a separate account. The value of the separate account is the fair market value of investments plus cash balances and accruals, less liabilities, in accordance with such methods as described in the contract or as ILIAC may adopt from time to time. Income and gains or losses, realized or unrealized, are credited or charged directly to the separate account. The values determined may decrease or increase according to such procedure. The separate account is charged with expenses arising from the operations of the account including taxes, brokerage, commissions, and other costs. The contract value as reported to the Plan by ILIAC is the value represented in the Interest Accumulation Fund, which is the accounting record maintained under the contract for amounts reflecting the termination value of the predecessor investment vehicle (Nationwide) plus or minus deposits received, withdrawals made, fees charged, interest at the Credited Rate and other adjustments. Participants my direct the withdrawal or transfer of all or a portion of their investment contracts.

Continued --

2. Summary of Significant Accounting Policies (Continued)

Investment Contract with ING Life Insurance and Annuity Company (Continued)

The fair value of the investment contract as of June 30, 2012 was $505,151,394 and the contract value on June 30, 2012 was $494,630,866. The average yield and crediting interest rates were approximately 3.12% for the year ended June 30, 2012. The crediting interest rate is based on a formula agreed upon with the issuer. The interest rates are reviewed on a quarterly basis for resetting. The crediting interest rate formula is in part based on the fair value of the underlying securities of the investment contract.

Certain events, such as termination of the contract by the Plan or the termination of the Plan, would limit the Plan's ability to transact at contract value with ILIAC. The Plan administrator believes the occurrence of such events that would also limit the Plan's ability to transact at contract value with plan participants is not probable.

Interest Income

Interest income is recorded as earned for the Stable Value Fund. The interest rate for the Stable Value Fund was 3.15% at June 30, 2012. The interest rate ranged from 2.25% to 3.48% for the year ended June 30, 2012. Total interest income recognized was approximately $13,783,427 during the year ended June 30, 2012, and is included in interest and dividends on the statement of changes in plan net assets.

Participant Accounts

Each participant's account is credited with the participants' contributions and allocations of Plan earnings and charged with an allocation of Plan expenses. Allocations are based on participant earnings or account balances, as defined. Earnings are credited to individual participant account balances based upon investment performance of the specific options selected by the participant. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Participants are at all times 100% vested in their account balance.

Administrative Expenses

ICMA-RC charges annual recordkeeping and advisory fees totaling $34 per participant. This fee covers services for both this Plan and the Deferred Compensation Incentive Plan. Both plans earn revenue share income from mutual fund companies, and this income is used to pay part of the recordkeeping fees, which reduces the actual fees paid by the participants of the Plan. The administrative expenses reported on the Statement of Changes in Plan Net Assets are net of revenue share income of approximately $1,469,102. The fees and revenue share income are allocated between the two plans. As presented in Note 1, prior to November 11, 2011, the Plan's third part administrator and recordkeeper was ING. Under the agreement with ING, administrative charges were $48 per participant.

Continued --

2. Summary of Significant Accounting Policies (Continued)

In addition, the two plans paid administrative fees of $25,000 quarterly to MOSERS for administration services provided to the two plans. These quarterly fees are paid out of the $34 annual per participant fee charged. These quarterly fees are also allocated between the two plans.

Benefits Paid

Benefits are recorded at the time withdrawals are made from the Plan participant accounts, which generally coincides with the trade date.

Rollovers

Rollovers represent account balances transferred from other qualified plans.

3. Tax Status

The Plan is reviewed by legal counsel to ensure conformity with Section 457 of the IRC. Accordingly, any amount of compensation deferred under the Plan and any income attributable to the amounts so deferred are included in the gross income of the participant only for the taxable year in which such compensation or other income is paid or otherwise made available to the participant or beneficiary. The Trust established under the Plan is treated as exempt from federal income taxation.

4. Cash and Cash Equivalents

Cash and cash equivalents represent the Plan's portion of the Administrative Allowance account that is maintained by the record keeper for the Plan. Revenue share amounts are deposited into the account and used to pay Plan expenses such as record keeping fees, plan audits and financial statement preparation. The balance is allocated between the related plans based upon their respective investment balances. At June 30, 2012 the Administrative Allowance Account had a total balance of $996,323 and is invested in the Dreyfus Money Market Fund. Of that amount, $743,507 is allocated to the Missouri State Employees Deferred Compensation Plan and $252,816 is allocated to the Missouri State Employees Deferred Compensation Incentive Plan.

5. Investments

The Plan's investment policy is to provide a user friendly mechanism for participants to accumulate and preserve assets for retirement during years of employment and beyond. Missouri Target Date Funds were added to the investment options in April 2009 to simplify retirement investing for Plan participants. New participants into the Plan after April 2009 have the choice between the thirteen target date funds, a stable value fund or a self-directed brokerage option. The self-directed brokerage option was retained for participants who prefer a hands on approach to retirement investing. Participants who were already contributing to one or more of the 31 mutual funds before April 2009, and elected to maintain the same contribution allocation, may continue to contribute to the same mutual fund or funds and have the choice of the investments available to new participants.

Missouri Target Date Funds

These funds were created exclusively for participants of the Plan and the Incentive Plan. Each new participant who does not make an investment selection is, by default, invested in the target date fund closest to when he or she is first eligible to retire. All participants are free to choose any target date fund as their investment in the Plan. The target date funds with dates farthest in the future have the most aggressive investment approach and are more heavily invested in stocks. These funds automatically adjust from a long-term growth focus to a more conservative investment mix as the participants move closer to retirement, investing more in bonds and less in stock.

Stable Value Fund

ING Investment Management, Inc. is the manager of the ING Stable Value Fund's assets. The Stable Value Fund provides a stable rate of return by investing in various types of bonds including treasuries, agencies, corporate and mortgage-backed securities. The fund is wrapped by an insurance contract, issued by ILIAC, which stabilizes the interest rate paid as well as ensuring that participants get their principal plus interest when they decide to withdraw from the fund. However, the insurance wrapper guarantee of participants' return of principal does not extend to certain employer-initiated events, such as employer decision to terminate the contract or withdrawals that might arise from mass layoffs or similar events.

In advance of each quarter, the ING Stable Value Fund establishes a rate of return for that quarter, as described previously. Stable Value Fund investment income included in the accompanying financial statements is net of annual fees which are deducted from earnings prior to posting to the participant accounts. The annual fees as a percentage of participating assets are .30%.

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5. Investments (Continued)

Mutual Funds

The Plan offers various mutual funds, along with a self-directed brokerage option through an independent broker which allows investments not offered by the Plan. Shares of mutual funds are not insured, although some securities in which the funds invest may be insured or backed by the U.S. government or its agencies. Investment income in the accompanying financial statements is net of management and other expenses charged by the fund managers which are deducted from earnings prior to posting to the participant accounts.

Investments, presented at market value, as of June 30, 2012 are as follows:

Fixed earnings option, at contract value:	
ING Stable Value Fund	$ 494,630,866
Variable earnings options, at fair value:	
MO 2020 Fund	77,501,797
MO 2025 Fund	70,704,578
MO 2015 Fund	61,481,060
MO 2030 Fund	55,086,194
Fidelity Contrafund	50,620,499
MO 2035 Fund	39,011,549
MO 2010 Fund	31,082,075
Self Directed Brokerage Account	22,847,214
MO 2040 Fund	21,293,716
American Century Ultra Fund	18,715,681
Neuberger & Berman Genesis Fund	18,649,424
SEI S&P 500 Index Portfolio	14,277,274
MO 2005 Fund	12,556,435
Fidelity Equity Income Fund	12,363,896
American Century Equity Income Fund	12,144,069
MO 2045 Fund	9,427,344
American Century Growth Fund	8,643,559
Vanguard Total Stock Market Index Fund	8,427,179
Templeton Developing Markets Trust	8,069,349
T. Rowe Price International Stock Fund	7,092,479
Goldman Sachs Mid Cap Fund	6,943,657
Vanguard Life Strategy Growth Fund	5,504,495
Invesco Dynamics Fund	5,302,034
Nationwide Fund	5,045,660
MO 2000 Fund	4,806,088
MO 2050 Fund	4,506,548
Perkins Small Cap Value Fund	4,299,445
Vanguard Life Strategy Moderate Growth Fund	4,235,050
MO 1995 Fund	4,202,030

Continued --

5. Investments (Continued)

Variable earnings options, at fair value continued:	
Putnam Investors Fund	3,933,120
Vanguard Inflation Protection Securities Fund	3,911,806
Bond Fund of America	3,864,466
Federated US Government Securities Fund - 2-5 Years	3,559,712
Janus Worldwide Fund	3,383,769
Prudential Jensen Blend	3,027,498
Fidelity Asset Manager	2,454,664
Dreyfus Small Cap Stock Index Fund	2,446,106
Brown Capital Management Small Company Fund	1,856,012
Vanguard Life Strategy Conservative Growth	1,716,816
Dreyfus Third Century Fund	1,592,953
Vanguard Life Strategy Income Fund	1,346,803
MO 2055 Fund	1,253,551
Prudential Total Return Bond Fund	553,167
Invesco Small Company Growth Fund	346,505
	$ 1,134,718,192

Investments as of June 30, 2012, by investment type are as follows:

Stable Value Fund	$ 494,630,866
Bond Funds	11,889,151
Large-Cap Equity Funds	138,791,388
Mid-Cap Equity Funds	12,245,691
Small-Cap Equity Funds	27,597,492
International Equity Funds	18,545,597
Asset Allocation Investments	12,803,164
Moderate Asset Allocation Investments	2,454,664
Target Date Funds	392,912,965
Self-Managed Accounts	22,847,214
	$ 1,134,718,192

Custodial credit risk for investments is the risk that the Plan would not be able to recover the value of investments in the event of a failure by the counterparty to a transaction. The Plan does not have any investments that are not registered in the name of the Plan and are either held by the counterparty or the counterparty's trust department or agent, but not in the Plan's name, except for one of the underlying investments in the Target Date Funds (Vanguard High Yield Fund) which is registered in the name of the manager for benefit of the Plan.

Continued --

5. Investments (Continued)

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of the Plan's investment in a single issuer. The Plan has no formal policy because participants elect where to invest contributions. However, the investment in the Stable Value Fund represents approximately 44% of investments.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the Plan. The Plan does not have a formal policy for credit risk. At June 30, 2012, the weighted average credit ratings for the fixed income securities included in the fixed income mutual funds were as follows:

Fixed Income Mutual Fund	Fair Value	Credit Rating
American Funds Bond Fund of America	$ 3,864,466	BBB
Vanguard Inflation Protection Securities Fund	3,911,806	AAA
Federated U.S. Government Securities Fund - 2-5 Years	3,559,712	AAA
Prudential Total Return Bond Fund	553,167	BBB

At June 30, 2012, the average credit rating as provided by ING for the securities in the Stable Value Fund was AA3.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Other than the ING Stable Value fund, whose rate is adjusted quarterly, the Plan investment guidelines include no formal policy on interest rate risk. Duration is a measure of a debt instrument's exposure to fair value changes arising from changing interest rates based upon the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price.

The average effective duration in years as of June 30, 2012 for fixed income mutual funds is as follows:

Fixed Income Mutual Fund	Fair Value	Weighted Average Duration
American Funds Bond Fund of America	$ 3,864,466	4.47
Vanguard Inflation Protection Securities Fund	3,911,806	8.57
Federated U.S. Government Securities Fund - 2-5 Years	3,559,712	3.20
Prudential Total Return Bond Fund	553,167	4.86

At June 30, 2012, the average effective duration as provided by ING for the Stable Value Fund was 3.02 years.

6. Risks and Uncertainties

The Plan provides for various investment options in any combination of mutual funds, insurance contracts, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities may occur in the near term and that such changes could materially affect participant account balances and the amounts reported in the accompanying Statement of Plan Net Assets.

7. Life Insurance Contracts

The face amount of universal life insurance in force with Monumental was approximately $66,680,575 at June 30, 2012. The cash surrender value of the universal life insurance policies in force with Monumental was $5,767,553 at June 30, 2012. The carrying value of these policies was $5,767,553 at June 30, 2012.

The face amount of life insurance in force with SBL was approximately $794,883 at June 30, 2012. The cash surrender value and carrying value of these policies was $459,363 at June 30, 2012.

At the time of retirement or termination of employment from the State of Missouri, employees have the option of transferring ownership of the policy and continuing to make the life insurance premium payments directly to SBL or Monumental, or receiving the cash surrender value of the policy.

8. Subsequent Event

As of July 1, 2012 participants in the Plan may investment in the MOSERS' Investment Portfolio (MIP). The MIP is a monthly valued investment option offering Plan participants the ability to purchase units of the MOSERS investment portfolio.

As of July 1, 2012 and response to legislation passed during 2011 by the Missouri State Legislature, the Plan automatically enrolls any new permanent full-time and part-time employee of the Plan's participating employers, at 1% of salary.

Subsequent events have been evaluated through November 29, 2012, the date the financial statements were available to be issued.

8. Litigation

On May 15, 2006, Nationwide Life Insurance Company ("Nationwide") provided the Commission notice of Nationwide's intent to assess a market value adjustment ("MVA") on the liquidation of its group fixed annuity contract. The MVA was approximately $13.7 million for the Plan and another MVA of approximately $4.9 million was withheld from the Incentive Plan. On May 30, 2006, Nationwide filed a lawsuit in the U.S. District Court for the Southern District of Ohio seeking a declaratory judgment that it had the right under the terms of the fixed annuity contract to withhold a market value adjustment. On December 21, 2006, the State of Missouri sued Nationwide Life Insurance Company and Nationwide Retirement Systems in the Circuit Court of Cole County, Missouri, for the breach of contract, breach of fiduciary duty, and an accounting, seeking a return of the withheld amount plus interest. The United States District Court dismissed Nationwide's lawsuit on March 23, 2007. The State, through the Attorney General's office, continued to pursue its legal remedies against Nationwide in Cole County Circuit Court.

On February 26, 2010, a Cole County Circuit judge ruled in favor of Nationwide Life Insurance Co., and Nationwide Retirement Solutions, in the lawsuit filed by the State of Missouri, Office of Administration and the Missouri State Deferred Compensation Plan. The Attorney General's Office appealed the Circuit Court's ruling Western District Court of Appeals. The Court of Appeals issued a decision in favor of the Plans and a motion for transfer was denied by the Missouri Supreme Court. Subsequently, Nationwide paid the judgment plus statutory interest in the amount of $27,083,156 to MOSERS and, in turn, those funds were paid to ING, allocated to both plans and deposited into their respective Stable Value Fund on July 1, 2011.